Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 GSA-01 INT-05 H-01 AID-05

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-02

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R 262240Z DEC 74 FM SECSTATE WASHDC TO AMEMBASSY BANGKOK INFO AMEMBASSY LONDON

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E.O. 11652: N/A TAGS: EMIN. ETRD

SUBJECT: GSA TIN DISPOSALS

REF: BANGKOK 19985

1. AT END NOV 1974, GSA TIN STOCKPILE TOTALED 207,478 LONG TONS (LT), OF WHICH 166,978 LT WERE IN EXCESS OF ESTABLISHED STOCKPILE OBJECTIVE OF 40,500 LT. HOWEVER, OF THIS EXCESS, ONLY 6,852 LT WERE AVAILABLE FOR SALE UNDER EXISTING CONGRESSIONAL DISPOSAL AUTHORIZATION. OMNIBUS STOCKPILE DISPOSAL BILL INTRODUCED IN CONGRESS IN MID-1973 WOULD HAVE PROVIDED INTER ALIA GSA AUTHORITY TO DISPOSE OF 160,000 LT TIN. EARLIER THIS YEAR, SEPARATE PRIVATE BILL WAS INTRODUCED WHICH WOULD HAVE AUTHORIZED GSA TO DISPOSE OF 100,000 LT TIN. HOWEVER, CONGRESS ADJOURNED WITHOUT TAKING ACTION ON EITHER OF THESE BILLS. THUS, UNTIL CONGRESS PROVIDES ADDITIONAL DISPOSAL AUTHORIZATION, POTENTIAL GSA TIN DISPOSALS LIMITED TO 6,852 LT COVERED LIMITED OFFICIAL USE

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UNDER EXISTING DISPOSAL AUTHORITY. IT NOT POSSIBLE AT

THIS TIME TO SPECULATE AS TO WHEN NEW CONGRESS WILL PROVIDE ADDITIONAL TIN DISPOSAL AUTHORITY.

- 2. REGARDLESS OF QUANTITY OF GSA TIN AVAILABLE FOR SALE, GSA POLICY IS TO CONDUCT ITS DISPOSAL OPERATIONS IN A MANNER SO AS TO AVOID MARKET DISRUPTION, AND THIS POLICY WILL CONTINUE IN FUTURE.
- 3. AS FOR REPORTED THAI CONCERN OVER EFFECT OF GSA TIN DISPOSALS ON WORLD TIN PRICE, IT WOULD BE USEFUL TO NOTE THAT SINCE GSA TIN DISPOSALS WERE RESUMED IN JUNE 1973, SALES TOTALING OVER 42,500 LT DID NOT RPT NOT HAVE ADVERSE PRICE EFFECT ON TIN. DURING THIS PERIOD TIN PRICES ROSE FROM ABOUT USDOLS 2.15 PER POUND TO OVER USDOLS 4.70 IN JUNE 1974 (NEW YORK PRICE CURRENTLY IN USDOLS 3.50 RANGE). WITH ITC TIN BUFFER STOCK VIRTUALLY EXHAUSTED, GSA TIN SALES HELPED FILL SHORTFALL BETWEEN WORLD TIN PRODUCTION AND CONSUMPTION, AND HELPED KEEP TIN PRICES FROM GOING EVEN HIGHER THAN RECORD US DOLS 4.70 PLUS. SUCH HIGH PRICES NOT IN INTERESTS OF EITHER TIN CONSUMERS OR PRODUCERS, SINCE THEY ENCOURAGE SUBSTITUTION OF OTHER MATERIALS (E.G. TIN-FREE STEEL) FOR TIN, TO EVENTUAL DETRIMENT OF TIN PRODUCERS.
- 4. RE POINT MADE PARA 2 REFTEL ON CURRENT FLOOR PRICE FOR TIN UNDER ITA, CURRENT FLOOR IS NOT 850 MALAYSIAN DOLLARS PER LONG TON, BUT 850 MALAYSIAN DOLLARS PER MALAYSIAN PICUL OF APPROXIMATELY 133.3 POUNDS. MAW

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Message Attributes

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